

**SUMMARY OF THE REGULAR MEETING OF THE  
ARIZONA STATE RETIREMENT SYSTEM  
OPERATIONS COMMITTEE**

**HELD ON  
Thursday, January 26, 2006  
10:30 a.m., MST**

The Operations Committee (OC) of the Arizona State Retirement System (ASRS) met in regular session in the 14<sup>th</sup> Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, Arizona 85012. Mr. Michael Townsend, Chair, called the meeting to order at 10:30 a.m.

This meeting was teleconferenced to the ASRS Tucson office at 7660 East Broadway Boulevard, Suite 108, Tucson, Arizona 85710.

**1. Call to Order; Roll Call; Opening Remarks**

Present:       Mr. Michael Townsend, Chair  
                  Mr. Steven Zeman, Vice-Chair  
                  Dr. Keith Meredith  
                  Mr. David Byers

A quorum of the Committee was present for the purpose of conducting business.

**2. Presentation, Discussion and Appropriate Action Regarding the Deputy Director's  
Quarterly Information Technology (IT) Plan Report**

Mr. Anthony Guarino, Deputy Director, Chief Operations Officer, updated the Committee on the status of the IT Plan. Mr. Guarino delivered a few opening remarks and then asked Bob Solheim, the ASRS Independent Advisory Consultant (IAC) to update the Committee on the status of various projects within the IT Plan.

Mr. Solheim presented a chart to the Committee regarding an assessment of the enterprise IT plan's progress. The chart was divided into the various key performance indicators of the plan. Each indicator was rated green (satisfactory progress), yellow (at risk), or red (unsatisfactory).

All items were rated green, except three indicators that were tagged as yellow. Mr. Solheim indicated the three yellow items were being managed, and were no cause for alarm.

Mr. Solheim also noted the implementation of the member statements project that was completed on time and under budget as was the LTD project. He noted that the LTD project in particular will bring great savings to the ASRS. He stated that when the web access project for members is complete, it, too, will bring significant benefit to the agency.

Mr. Guarino discussed the recent project status reports depicting schedules and expenses for the Business Re-Engineering and Information Technology Plan. A chart was presented showing each project. Seven items were completed, while seven items were 30% or less complete. Ms. Valerie Burkett, ASRS Project Manager, noted that several items would be completed in the first or second quarter of 2006, including member web access, forfeiture applications, a centralized disbursement system, a new LTD application and a completed financial management system which will enhance, automate and integrate the ASRS' accounting capabilities.

### **3. Presentation, Discussion and Appropriate Action Regarding the ASRS Business Continuity Plan Update**

Mr. Guarino gave the Committee an update on the status of the most recent Business Continuity Plan (BCP) exercise, which was held on Tuesday, December 6, 2005.

He gave a brief rundown of the exercise including its scope and what steps were taken to ensure a smooth flow of operations. Mr. Patrick O'Keefe, ASRS Network Information Systems Manager, stated that staff was able to connect to the mainframe to complete work and similar tasks from the ASRS satellite office in Tucson.

Mr. Guarino stated that all target goals were made with the exception of the goal to notify 85% of the staff of the mock emergency. (Only 64% of the staff was able to be contacted.) He also gave a list of "lessons learned" for future exercises.

### **4. Presentation, Discussion and Appropriate Action Regarding the ASRS Strategic Plan**

Mr. Guarino presented the ASRS Strategic Plan to the Committee. The Plan was distributed to the Committee members prior to the meeting. Mr. Guarino gave an introduction to the Plan and then very briefly discussed the philosophy of the Plan.

Mr. Guarino focused on the operations goals and objectives, spending considerable time reviewing and explaining each goal and objective of subjects such as refunds, retiree application processing, service purchase, survivor benefits, and other operational items. Ms. Sara Orozco, ASRS Senior Management Analyst, provided input on how the operational goals and objectives were developed and how the process was constructed.

Following the presentation, a lengthy discussion ensued. Following the suggestions of the Committee, it was determined the discussion at the beginning of the Plan should better reflect the time horizon for goal achievement, the role of the ASRS Board, a listing of who was involved in

the drafting of the document, and how the objectives were arrived at. Also discussed was adding a current level of performance so the Board was aware where things stood at any given time.

The Committee members asked Mr. Guarino and his staff to present the reformulated Plan at a future OC meeting for review.

## **5. Presentation, Discussion and Appropriate Action Regarding the Long Term Disability (LTD) Claims Administration Request for Proposal (RFP)**

Mr. Patrick Klein, Assistant Director for External Affairs, addressed the Committee regarding the current RFP for an LTD Claims Administrator. Mr. Klein stated that the statutory 5-year limitation on the contract will be reached this coming summer and that an RFP will need to be issued for a 3-year contract.

He updated the Committee as to the scope of the RFP, noting that he would update the Committee in the future as warranted and as the RFP progressed and was issued. He also stipulated that the evaluation of the proposals would be presented at the March OC meeting.

## **6. Review of Recently Conducted Audits**

- **Data Integrity**
- **Litchfield Park School District**

Mr. Bernard Glick, the ASRS Chief Internal Auditor, gave a summation of the two most recently conducted audits. The first audit concerned the July 2005 audit of data integrity within the ASRS system. Mr. Glick noted discrepancies within the system, including such items as wrong Social Security numbers, duplicate accounts and absent demographic information. He suggested the ASRS develop new Policies & Procedures to ensure that all demographic information on new members and unenrolled accounts are current, complete and entered in a consistent manner. He also stated that it would benefit the agency if there were written procedures for processing member accounts with invalid Social Security numbers. Lastly, Mr. Glick said there needs to be a policy on when it would be appropriate to close an inactive member's account and how LTD payments are processed and reconciled.

Mr. Glick then gave a brief overview of the audit on the Litchfield Park School District. He stated the district owed the ASRS \$9,803 and the ASRS auditors gave recommendations to the school district on how to improve their tracking and collecting of contributions due. The school district concurred with the findings of the auditors.

## **7. Committee Trustee Requests for Agenda Items**

None

## **8. Call to the Public**

No members of the public addressed the Committee.

**9. Adjournment of the OC**

Mr. Michael Townsend adjourned the meeting at 12:57 p.m.

Respectfully Submitted by,

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Zachary Kucera  
Committee Secretary

Date

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Anthony Guarino  
Deputy Director, Chief Operations Officer

Date